

The OECD Guidelines for Multinational Enterprises Recommendations for Responsible Business Conduct in a Global Context

TUAC Submission to the OECD Working Group of the Investment Committee 30 September 2011

1. Introduction

- 1. The *Update* has raised expectations regarding the role that the *OECD Guidelines* can play in closing global governance gaps. It has also generated optimism among stakeholders that the completion of the *Update* will mark the beginning of a new era for the *Guidelines* hallmarked by ambition and cooperation. This momentum must not be lost.
- 2. In its Statement¹ on the adoption of the updated Guidelines, TUAC stated that the Update had increased the "relevance of the Guidelines and their potential to raise the standard of responsible business conduct in a global context", but that the "success of the Update now depends on its prompt and full implementation..."TUAC called on adhering governments to "...upgrade the structures and procedures of their NCPs" and for the OECD and Investment Committee to ensure that the organisational structures and resources were commensurate with their enhanced commitments under the new Guidelines.
- 3. TUAC welcomes the proposals made by the Chair of the Working Party of the Investment Committee for the work programme for implementing the new *Guidelines*. TUAC already identified a list of priority actions to be taken by the OECD and adhering countries in its submission to the Annual Meeting of National Contact Points in June 2011. Extracts from that submission not covered in this submission are re-produced in the *ANNEX*. TUAC uses the remainder of this submission to elaborate on selected priorities, respond to points on the Proactive Agenda and provide input to the Third Tier Resource Document. The submission is structured as follows:
- Section 2: Strengthening Functional Equivalence;
- Section 3: Specific Instances;
- Section 4: Proactive Agenda;
- Section 5: Third Tier Resource Document;
- Annex: June 2011 Submission: Checklists.

2. Strengthening Functional Equivalence

4. TUAC recognises that many NCPs are in the process, or have already completed, reviewing their structures and procedures in the light of the *Update*, often in consultation with the social partners and non-governmental organisations (NGOs). However, it is gravely

¹ http://www.tuac.org/en/public/e-docs/00/00/08/E7/document_doc.phtml.

concerned that four months after the adoption of the new *Guidelines*, trade unions are still encountering the problem of non-functioning NCPs. This was unacceptable under the old *Guidelines* and must not be tolerated under the new.

5. TUAC notes that the six month 'cooling off period', which applies to the implementation of new or revised OECD instruments, ends on the <u>25 November 2011</u>. The December 2011 meeting of the Investment Committee/Working Party would therefore provide a timely opportunity to take stock of NCPs' implementation of the new *Guidelines* and to institutionalise good practice procedures to support functional equivalence.

Reporting

- 6. Reporting is a key function of NCPs necessary for meeting the core criteria of accountability and transparency. To date, it has also been one of the main ways of monitoring NCPs' implementation of the *Guidelines* and has represented a key source of peer learning. The reporting framework for NCPs must now be expanded to reflect the new procedures:
 - o <u>Expand the Common Framework for Reporting</u> in order to reflect the new procedures (see *TABLE 1*).
 - This exercise could be carried out by either the secretariat or by a new <u>Information and Reporting Task Team</u> established by the Working Party to help support peer learning.

TABLE 1: UPGRADE THE REPORTING FRAMEWORK

ADDITIONAL QUESTIONS	NEW PROCEDURES	
INSTITUTIONAL ARRANGEMENTS	S	
1. What is the level of resources	Council Decision	
allocated to the NCP	I. National Contact Points	
(Euro/staffing)?		
	"Adhering countries shall make available human and financial	
	resources to their National Contact Points so that they can	
	effectively fulfil their responsibilities".	
2. Describe the structure of the	Procedural Guidance	
NCP?	I. National Contact Points	
	A. Institutional Arrangements	
3. What has the NCP done to		
ensure sufficient breadth of	1. NCPs will "be composed and organised such that they provide	
expertise to deal with the broad	an effective basis for dealing with the broad range of issues	
range of issues covered by the	covered by the Guidelines and enable the NCP to operate in an	
Guidelines?	impartial manner, while maintaining an adequate level of	
	accountability to the adhering government".	
4. Has the NCP established an	Commentary on the Procedural Guidance.	
advisory body?	Paragraph 11	
5 H 4 NOD 4111 1		
5. Has the NCP established a	"Regardless of the structure governments have chosen for their	
review body?	NCP, they can also establish multi-stakeholder advisory or	
	oversight bodies to assist NCPs in their tasks".	
6. What steps has the NCP taken	Paragraph 22	
to address (perceived or actual)	"Impartial; NCPs should ensure impartiality in the resolution of	
conflicts of interest?	the specific instances.	
	Equitable: NCPs should ensure that parties can engage in the	
	process on fair and equitable terms".	

ADDITIONAL QUESTIONS

NEW PROCEDURES

INFORMATION, PROMOTION

- 7. Does the NCP have a dedicated web site on the *Guidelines*?
 7a. Is the web site in national as well as international language(s)?
- 8. Does the NCP make available material on the *Guidelines*?
 8a. Has the NCP translated this material into national and, as appropriate, local languages?
- 9. How does the NCP promote the *Guidelines* within Government?
- 10. Does the NCP work with social partners and NGOs to promote the *Guidelines*?
- 11. Has the NCP drawn up a promotional plan for the *Guidelines*?

Procedural Guidance

- I. National Contact Points
- **B.** Information and Promotion

"The National Contact Point will

- 1. Make the Guidelines known and available by appropriate means, including through on-line information, and in national languages. Prospective investors (inward and outward) should be informed about the Guidelines, as appropriate.
- 2. Raise awareness of the Guidelines and their implementation procedures, including through co-operation, as appropriate, with the business community, worker organisations, other non-governmental organisations, and the interested public."

Commentary on the Procedural Guidance.

Paragraph 16

"NCPs will co-operate with a wide variety of organisations and individuals, including, as appropriate, the business community, worker organisations, other non-governmental organisations, and other interested parties. Such organisations have a strong stake in the promotion of the Guidelines and their institutional networks provide opportunities for promotion that, if used for this purpose, will greatly enhance the efforts of NCPs in this regard."

PEER LEARNING

- 12. Has the NCP participated in peer learning?
- 13. Has the NCP participated in thematic peer review?
- 14. Has the NCP volunteered or participated in country peer evaluation?

$\underline{Commentaries\ to\ the\ Procedural\ Guidance}$

Paragraph 19

"NCPs will engage in joint peer learning activities. In particular they are encouraged to engage in horizontal, thematic peer reviews and voluntary peer evaluations."

IMPLEMENTATION IN SPECIFIC INSTANCES

- 15. Has the NCP published its procedures on the NCP web site?
- procedures on the iver web si
- National languages?
- International languages?

Indicative timeframes

Commentary to the Procedural Guidance

Paragraph 15

"NCPs should provide information on the procedures that parties should follow when raising or responding to a specific instance. It should include advice on the information that is necessary to raise a specific instance..."

16. Has the NCP published timeframes in its procedures?

Indicative timeframes

Commentary to the Procedural Guidance

Paragraph 21

Defines 'good faith' in the context of the Guideline as *inter alia* 'responding in a timely fashion...'.

Paragraph 40

	4
ADDITIONAL QUESTIONS	New Procedures
	Initial assessment: 3 months; issue of report or statement 3
17. Has the NCP developed a	months; overall timeframe, 12 months. NCP cooperation
policy for strengthening	Commentary to the Procedural Guidance
cooperation between home and	Paragraph 23
host country NCPs?	"the NCP of the host country should consult with the NCP of the
10 11 1 100 1 1 1	home country".
18. Has the NCP developed a policy on parallel legal	Parallel proceedings Commentary to the Procedural Guidance
proceedings?	Paragraph 26
procedumgs.	"NCPs should not decide that issues do not merit further
	consideration solely because parallel proceedings have been
	conducted, are underway, or are available to the parties
10 What manage of leading	Concerned".
19. What range of business relationships has the NCP dealt	Paragraph A.11, Chapter II. The new <i>Guidelines</i> require enterprises to "[A]void causing or
with in its cases (subsidiaries,	contributing to adverse impacts through their own activities and
suppliers, subcontractors,	address such impacts when they occur" (
ranchises, financial sector)?	The Commentary clarifies that " 'through their own activities'
	'includes their activities in the supply chain' and that "the supply
20 Doos the NCD publish initial	chain can take a variety of forms, including, for example,
20. Does the NCP publish initial assessments?	
21. Does the NCP provide	Procedural Guidance
nediation?	C. Implementation in Specific Instances
21a. Does the NCP provide <u>free</u>	Paragraph 2d)
access to external professional	
mediator? Please give details if there is a cost.	"Offer, and with the agreement of the parties involved, facilitate access to consensual and non-adversarial means, such as
here is a cost.	conciliation or mediation, to assist the parties in dealing with the
	issues. "
22. Does the NCP publish its final	Commentary to the Procedural Guidance
statements and reports?	Paragraph 34
	"The NCP, in consultation with the parties, will make publicly
	available a report with the result of the proceedings."
	Paragraph 35 "The procedure makes it clear that an NCP will issue a
	"The procedure makes it clear that an NCP will issue a statement, even when it feels that a specific recommendation is
	not called for"
23. Does the NCP make an	Procedural Guidance
ssessment of a company's	I. National Contact Points, Introduction
observance of the Guidelines?	
	"The role of the National Contact Points (NCPs) is to further
24. Does the NCP include	the effectiveness of the Guidelines Procedural Guidance
recommendations on	C. Implementation in Specific Instances
mplementation of the specific	Paragraph 3c)
nstances procedure?	"The NCP will make recommendations on the implementation of
	the Guidelines as appropriate"
25. Does the NCP provide for	Commentary to the Procedural Guidance:
	·
Collow-up on the implementation of the specific instances	Paragraph 37 "[T]he parties may also agree to seek the assistance of the NCP

ADDITIONAL QUESTIONS	New Procedures
procedure?	in following-up on the implementation of the agreement and the
	NCP may do so on terms agreed between the parties and the
	NCP." (paragraph 34, Commentary on the Procedural Guidance).
26. What steps has the NCP taken	Commentary to the Procedural Guidance:
to strengthen policy coherence:	Paragraph 37 "In order to foster policy scherones NCPs are encouraged to
e.g., identifying and meeting with relevant government departments,	"In order to foster policy coherence NCPs are encouraged to inform these government agencies of their statements and reports
including export credit agencies,	when they are known by the NCP to be relevant to a specific
public procurement departments	agency's policies and programmes."
and pension funds?	agency of penetes until programmes.
1	
26a. Does the NCP routinely	
inform relevant government	
agencies about their statements	
and reports?	
27. Has the NCP experienced	Procedural Guidance
problems of companies refusing	I. National Contact Points
to participate in the NCP Process?	Introduction
27a. What steps has the NCP taken to address this?	"The role of the National Contact Points (NCPs) is to further
taken to address this:	the effectiveness of the Guidelines."
28. Has the NCP put in place a	Protecting complainants
policy for protecting the	Commentary to the Procedural Guidance
identity of complainants?	Paragraph 30
identity of complamants.	The updated Guidelines recognise that there may be a need to
	"withhold the identity of a party or parties from the enterprise
	involved"'.
	Paragraph 38
	'Equally other information such as the identity of individuals
PEROPENIC	involved in the procedures, should be kept confidential'
REPORTING 29. What mechanisms does the	Commentary to the Presedural Cyclones
NCP have in place for reporting at	Commentary to the Procedural Guidance Paragraph 9
national level, including to	"Accountabilitynationally parliaments could have a role to
national parliaments?	play. Annual reports and regular meetings of NCPs will provide
29a. Does the NCP publish its	an opportunity to share experience and encourage "best
Annual Report to the OECD on	practices" with respect to NCPs"
the NCP web site?	
29b. Does the NCP publish its	
Annual Report to the OECD in	
national languages?	
PROACTIVE AGENDA	
30. What activities has the NCP	Commentaries to the Procedural Guidance
undertaken to support the	Paragraph 18
proactive agenda?	" NCDs should maintain and the same of the
	"NCPs should maintain regular contact, including meetings,
	with social partners and other stakeholders in order to: a) consider new developments and emerging practices
	concerning responsible business conduct;
	b) support the positive contributions enterprises can make to
	economic, social and environmental progress;
	c) participate in collaborative initiatives to identify and

- 7. The quality of reporting by NCPs is also vital for important for maintaining adequate levels of accountability and transparency. It is essential that the information provided is accurate and complete. Examination of the annual reports, however, reveals varying standards of reporting with some NCPs providing detailed and comprehensive information, whereas for others the information appears to out-of-date, incomplete or requiring further explanation (see *BOX 1*). TUAC is not clear what system there is in place for follow-up to ensure overall quality.
 - Create a mechanism for improving the overall quality of reporting:
 - o A quality control function could be assigned to the <u>secretariat</u> or to a <u>new Information and Reporting Task Team.</u> Quality could also be addressed by institutionalising a '<u>Tour de Table'</u> as part of the regular meetings (see below).

BOX 1: INCOMPLETE REPORTING

Korea: In the 2011 Annual Report, Korea reports that it has received a total of <u>6 cases</u>, whereas TUAC has in its records a total of <u>15 cases</u>³.

Turkey: In the 2011 Annual Report, Turkey provides details of 1 case submitted in 2008, which it reports as being 'under initial assessment', without giving any explanation of why the initial assessment is taking 3 years. In fact TUAC has information on 3 cases that trade unions have submitted to the Turkish NCP. The most recent was submitted in 2011, to which there has been no response. The first case was submitted in 2006 and rejected on the grounds of parallel proceedings.

Peer Review and Peer Learning

- 8. TUAC strongly welcomes the commitments made under the new *Guidelines* for NCPs to engage in joint peer learning activities, including horizontal thematic peer reviews and voluntary peer evaluations. It also welcomes the ideas set out by the Chair and supports the proposal to focus on mediation as a theme for peer learning and to provide capacity-building and training for new NCPs. However, given time and resource constraints, TUAC considers it essential that in addition to identifying new mechanisms, the Working Party finds ways to embed peer learning and capacity-building in existing mechanisms. Hence TUAC is calling on the OECD to use a mix of new and existing, formal and informal, regular and irregular processes:
 - Institutionalise the '*Tour de table*': TUAC considers that the Working Party should follow the example of the OECD Anti-bribery Convention and use the '*Tour de Table*' as an informal monitoring process in its regular meetings. The '*Tour de Table*' constitutes each government in turn informing all the other governments about <u>country developments</u> and country <u>cases</u>. After each intervention, other participants are able to ask questions/for clarifications:
 - o <u>Institutionalise the 'Tour de Table' in regular meetings and develop criteria for</u> identifying priority cases to be discussed; for example:
 - *multi-jurisdictional cases:* which require cooperation between NCPs;

² Annual Meeting of the National Contact Points for the OECD Guidelines for Multinational Enterprises; Report by the Chair of the 11th Annual Meeting of the National Contact Point, 20 September 2011.

³ TUAC's list of trade union cases submitted under the *Guidelines* is available at: http://www.tuacoecdmneguidelines.org/NCP.asp?organisationid=22739

- cases that exceed the time limits: all cases which have exceeded the indicative time limits where the problems are *not* being resolved;
- *key issues:* where an NCP is facing a specific issue which is likely to either be of common interest because it is new or emerging, or where other NCPs might have the experience to help solve the problem.
- Use the OECD Investment Policy Reviews: the Chair proposes that governments consider providing training and capacity-building to new and prospective NCPs. TUAC considers that the OECD Investment Policy Reviews provide an ideal existing vehicle through which to provide capacity-building to prospective NCPS. The OECD prepares a detailed assessment of each country's investment policies in preparation for the peer examination to which it is subject prior to adhering to the OECD Declaration on Investment and Multinational Enterprises. This is an in-depth and resource-intensive process, involving country visits, which results in a published report. Whilst the reviews include a chapter on 'Responsible Business Conduct', the focus is on the country's legal framework with regard to human rights including labour rights, environment and in some cases disclosure. Currently the reviews do not address the country's future implementation of the *Guidelines*. But clearly they could and – TUAC believes – they should. Incorporating the *Guidelines* into the pre-peer review process of the Investment Policy Reviews would raise the profile of the Guidelines in the newly adhering country, build momentum around their implementation, help move Responsible Business Conduct to its proper place, at the heart of investment policy, and increase policy coherence.
 - o <u>Incorporate capacity building of prospective NCPs on the Guidelines into all future Investment Policy Reviews.</u> From here-on, the template for the Investment Policy Reviews should incorporate questions addressed to the prospective adhering government on: responsibilities under the *Guidelines*, location, structure, resources, staffing, training, capacity building, promotion and engagement with social partners and NGOs. The findings should be reported in a dedicated chapter of the published Investment Policy Review.
 - Representatives of peer NCPs should participate in the country visits in order to share their experience and discuss available options on organisation/structure etc.
 - Fund a roster of mediators for training, capacity-building and assist in specific instances: TUAC strongly welcomes the initiative of the Netherlands, Norway and the UK to support financially the preparation of a manual on mediation. The *Update* revealed a strong consensus among NCPs regarding the value of mediation to resolving issues raised under the *Guidelines*. It is essential that the appropriate tools are developed to support NCPs in discharging this function. TUAC notes, however, that at least one NCP (the US) plans to charge parties to the complaint for the cost of professional mediation. TUAC finds this potentially problematic in terms of complying with the core principles of accessibility and equitability. Unless the same quality of mediation is provided in-house by the NCP (this may be the case TUAC is not in a position to judge) then the best quality mediation will only be available to those who can pay. TUAC considers that this points to a need for a central roster of mediators that is centrally funded, which can be drawn on, not only for training and capacity-building, but also to provide mediation in the specific instance procedure;
 - o Create a fund to support a roster of mediation experts who would provide training and capacity-building to NCPs but also act as mediators on behalf of

NCPs in specific instances, where the NCP does not have the resources to pay for professional mediation or does not have the capacity to deliver the same quality of mediation as an external professional. The fact that these mediators participate in NCP mediations will in turn strengthen their own capacity as trainers.

- Fund and sign up for voluntary country peer evaluation: The OECD is the pioneer of peer review, a tried and tested monitoring method that helps ensure compliance and supports functional equivalence. TUAC applauds Japan for being the first country to sign up for country peer evaluation under the new *Guidelines*, and Norway for being the second.
 - o <u>TUAC urges other governments to sign up for country peer evaluation</u>.
 - It also calls on the Chair to publish the list of governments that have signed up so that at national level trade unions and NGOs can be informed and take action regarding the position of their governments.
- <u>Capacity-building for new NCPs</u>: TUAC supports the proposal for training and capacity building to be provided to newly established NCPs. This could be provided through a combination of inputs from: the secretariat; peers (well-functioning NCPs); and experts (from the mediation roster, for example). However, TUAC also considers, in line with commitments on peer learning, that capacity-building should also be made available to long-established NCPs that are not functioning to the standard expected. These could be identified through the informal *Tour de Table* process discussed above.

3. Specific Instances: Unblocking Old Cases

- 9. The most recent 2011 Annual Report shows that there are number of cases that remain unresolved, blocked or suspended, after many years: 9 cases have been open for over 5 years and 2 cases for 8 years. The *Update* recognised the crucial importance of dealing with cases in a timely manner and introduced indicative timescales. It also incorporated new guidance on parallel proceedings, the reason cited for a number of the cases being blocked. The existence of so many cases 'on the books' and, apparently, inactive for many years significantly undermines the reputation of the *Guidelines*, irreparably damages the confidence of the concerned workers and communities in using the *Guidelines* and leaves a gaping hole global governance. Such cases should be a priority for discussion at the December 2011 meeting (e.g., using the *Tour de Table*) with a view to either re-opening and attempting to resolve the cases, drawing where appropriate on the provisions of the new *Guidelines*, and depending on whether there is still any perceived benefit by the complainants in doing so, or otherwise closing the cases and informing the parties:
 - O Clear the backlog of old cases: These cases should be reviewed under the new *Guidelines* at the December 2011 meeting with a view to resolving them if there is still benefit in doing so for the parties, or otherwise closing the case.

TABLE 2: 'OLD' CASES

NCP	ISSUE/COMPANY	COUNTRY	NCP COMMENT	DATE	YEARS
Japan	Industrial relations	Malaysia	Parallel proceedings	Mar-03	8
France	Environment, informing employees	France	Currently being considered	Feb-03	8
Japan	Industrial relations	Philippines	Parallel proceedings	Mar-04	7
Japan	Industrial relations	Indonesia	Parallel proceedings	May-05	6
Brazil	Construction of dam	Brazil	Negotiations in deadlock	2004	6
Belgium	Cogecom	DRC		Nov-04	6
Belgium	Belgolaise	DRC		Nov-04	6
US	Employment and industrial relations		Inactive	Aug-06	5
Japan	Industrial relations	Japan	Parallel proceeding	May-06	5
Brazil	Refusal to negotiate with union	Brazil		Mar-07	4
Brazil	Dismissal of trade union representative	Paraguay		Apr-07	4
Brazil	Dismissed workers	Brazil		Mar-07	4
Brazil	Lack of negotiations	Brazil		Jul-07	4
Brazil	Refusal to negotiate	Brazil		Apr-07	4
Argentina	Dutch MNE	Argentina	Parallel proceedings	28-May- 08	3
Turkey	Dutch /UK MNE	Turkey	Initial assessment	Nov-08	2
Peru	Mining workers' rights	Peru	Parallel proceedings	Mar-09	2
Norway	Environment and mining	No information	Contact with parties	Jan-09	2
Germany	Eviction of local population	Uganda	Parallel proceedings	Jun-09	2
Brazil	Prevent union leaders at bank	Brazil		Sep-09	2
Brazil	Induction of workers during strike	Brazil		Sep-09	2

4. Proactive Agenda

10. TUAC recognises the potentially valuable role to be played by the Proactive Agenda. At national level, for example, NCPs could convene meetings of trade unions and companies to discuss adverse impacts on workers arising in a particular sector or geographical area. And at the OECD, the note by the Chair has already identified a number of useful ways in which the Proactive Agenda could be used to strengthen the implementation of the *Guidelines*.

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- 11. TUAC welcomes the Proactive Agenda as an additional focus, but not as a change of focus; it should not divert attention away from the major and urgent task of tackling nonfunctioning NCPs and improving functional equivalence. Moreover, TUAC notes that the Chair states that the Proactive Agenda needs to be <u>demand driven</u> with "sufficiently broadly shared stakeholder interests" in order to justify the resources required to carry out the work. TUAC welcomes the opportunity to contribute to the Proactive Agenda. However, it considers that the Proactive Agenda should be primarily <u>needs driven</u>; the extent to which the interests of stakeholders are "shared" is an important consideration, but should not be the overriding one.
- There may be significant or severe adverse impacts caused or contributed to by enterprises on matters covered by the *Guidelines* in particular sectors or geographical areas where interest on the part of the stakeholders is not "sufficiently" or "broadly" shared. However, governments nonetheless have a responsibility to implement the *Guidelines* and should use their authority and leverage to involve the necessary parties. The Chair cites the example of the OECD's work ongoing work on the implementation of the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High Risk Areas* as being able to be "regarded as the first example of how a demand driven proactive agenda can be implemented". It is TUAC's understanding, however, that this project at its origin was driven by governments; specifically the call made at the 2009 L'Aquila G8 Summit for the OECD to cooperate with the International Conference on the Great Lakes Region (ICGLR)⁴ and before that the action of the UN.
- 12. TUAC already outlined its priorities for the Proactive Agenda in its June 2011 submission (see *ANNEX*). It supports:
- Due diligence and supply chains: TUAC considers that there is an urgent need to develop a better understanding of human rights and other due diligence as it applies to the *Guidelines* now, as well as it relevance and application to the 'carved out' chapters of tax, competition and science and technology. It notes that the UN Office of the High Commissioner for Human Rights is soon to publish an interpretive guide on the UN Guiding Principles, which would clearly be an excellent basis for any work programme in this area. Also the OECD itself is engaged in developing sector specific guidance on due diligence and supply chains in the context of weak governance zones, which is highly relevant. TUAC considers that any work should be coordinated with this other stream of OECD work.
- <u>Decent wages:</u> TUAC would strongly support work the proposal to develop guidance working with the ILO on the meaning of the new provision 4b) of the Chapter on Employment and Industrial Relations, so as to give guidance to companies and NCPs.

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⁴ "In addition, we encourage all firms operating in the extractive sector and in weak governance zones to adopt international corporate social responsibility guidelines, such as the OECD Guidelines on Multinational Enterprises. In this respect, and with reference to the Great Lakes Region, we welcome the efforts of the International Conference on the Great Lakes Region to tackle illegal exploitation of natural resources and encourage the OECD, the United Nations and the Global Compact to work with the Conference and engage with key stakeholders to further develop practical guidance for business operating in countries with weak governance."; << http://www.g8italia2009.it/static/G8 Allegato/G8 Declaration 08 07 09 final%2c0.pdf>>>.

- <u>Financial sector</u>: understanding the application of the *Guidelines* to the financial sector. TUAC would be able to draw on expertise in-house and from the Committee for Workers Capital. ⁵

4. Third Tier Resource Document

13. TUAC considers the Third Tier Resource Document to be an integral part of the *Guidelines* 'package' and has provided a list of references for inclusion (see *TABLE 2*). It identifies for each whether the reference is already referred to in the existing text or was referred to in the 2000 text.

TABLE 2: RESOURCE DOCUMENT

KEY STANDARDS	RELEVANT CHAPTERS	2011 TEXT	2000 TEXT
Universal Declaration of Human Rights (1948)	I. Concepts and General Principles IV Human Rights Chapter V Employment and Industrial Relations	✓	✓
International Covenant on Civil and Political Rights	I Concepts and General Principles IV. Human Rights Chapter V. Employment and Industrial Relations	√	√
International Covenant on Economic, Social and Cultural Rights	I. Concepts and General Principles IV. Chapter Human Rights Chapter V Employment and Industrial Relations	✓	✓
OECD Guidelines on Corporate Governance of State-owned Enterprises (2005)	II General Policies	✓	✓
Equator Principles	II General Policies III Disclosure	X	X
UN Principles of Responsible Investment (2005)	II General Policies III Disclosure	X	X
G3 Sustainability Reporting Guidelines (2006) of the Global Reporting Initiative	III Disclosure	✓	X
OECD/ IOPS Good Practices for Pension Funds' Risk Management Systems (2011)	III Disclosure	X	X
FSB Principles for Sound Compensation Practices (2009) and their Implementation Standards (2009)	II General Policies III Disclosure	X	X
OECD Principles of Corporate Governance (2004)	II General Policies III Disclosure	✓	✓
Extractive Industries Transparency	III Disclosure	X	X

⁵ <http://www.workerscapital.org/>.

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KEY STANDARDS	RELEVANT CHAPTERS	2011 TEXT	2000 TEXT
Initiative (EITI) International Convention on the Elimination of all Forms of Racial Discrimination (1965)	IV Human Rights V Employment and Industrial Relations		
UN "Protect Respect and Remedy: A Framework for Business and Human Rights	IV Human Rights V Employment and Industrial Relations	✓	X
United Nations Guiding Principles on Business and Human Rights	IV Human Rights V Employment and Industrial Relations	✓	X
United Nations Declaration on the Rights of Indigenous Peoples	IV Human Rights	Rights of indigenous persons referred to in text	X
UN Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities	IV Human Rights V Employment and Industrial Relations	Rights of minorities referred to in text	X
UN Convention on the Rights of the Child	IV Human Rights V Employment and Industrial Relations	Rights of children referred to in text	X
The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) 1979	IV Human Rights V Employment and Industrial Relations	Rights of women is referred to in text	X
The Convention against Torture and other Cruel Inhuman or Degrading Treatment or Punishment 1984	IV Human Rights		
Convention on the Rights of Persons with Disabilities	IV Human Rights V Employment and Industrial Relations	Rights of persons with disabilities referred to in text	X
UN Convention on the Rights of the Child (1989)	IV Human Rights V Employment and Industrial Relations Rights of children referred to in the text.		
Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families	IV Human Rights V Employment and Industrial Relations	Rights of migrants	X

KEY STANDARDS	RELEVANT CHAPTERS	2011 TEXT	2000 TEXT
		workers	
		and their	
		families is	
		referred to	
International Convention on the	IV Human Rights	in the text.	
Protection of All Persons from	V Employment and Industrial		
Enforced Disappearances 2006	Relations		
Emoreca Disappearances 2000	Relations		
OECD Risk Awareness Tool for	IV Human Rights	X	X
Multinational Enterprises in Weak		A	*
Governance Zones			
ILO Declaration on Fundamental	IV Human Rights		\checkmark
Principles and Rights at Work	V Employment and Industrial	V	V
(1998)	Relations		
ILO Tripartite Declaration of	IV Human Rights	√	7/
Principles concerning Multinational	V Employment and Industrial	V	V
Enterprises and Social Policy	Relations		
IFC Policy and Performance	IV Human Rights	X	X
Environmental and Social Standards	V. Employment and	A	A
(2006)	Industrial Relations		
	VI. Environment		
ILO Convention 29 (1930)			\checkmark
	V Employment and Industrial	V	V
	Relations	_	_
ILO Recommendation 94 (1952)	V Employment and Industrial		
W 0 0 1 107 (1077)	Relations		
ILO Convention 105 (1957)	V Employment and Industrial Relations	✓	✓
ILO Convention 111 (1958)	V Employment and Industrial	/	/
ILO Convention 111 (1938)	Relations	✓	V
ILO Convention 138	V Employment and Industrial	-/	7/
	Relations	V	V
ILO Recommendation 146	V Employment and Industrial	√	√
	Relations	•	•
ILO Recommendation 155	V Employment and Industrial	X	X
HOD: (C1 :: C1	Relations		
ILO <u>Digest of decisions of the</u>	IV Human Rights	X	X
Committee on Freedom of Association -	V Employment and Industrial Relations		
Employment (Disabled Persons)	IV Human Rights	/	/
Convention 159 (1963)	V Employment and Industrial	√	√
Convention 137 (1703)	Relations		
The Older Workers	V Employment and Industrial	√	√
Recommendation 162 (1980)	Relations	V	V
ILO Convention 182	V Employment and Industrial	√	X
	Relations	Y	
ILO Maternity Protection	V Employment and Industrial	√	X
Convention 183 (2000)	Relations	•	
ILO HIV and AIDS at Work	V Employment and Industrial		X
Recommendation 200 (2010)	Relations		
ILO Recommendation No.194	V Employment and Industrial		X
(2002)	Relations		

KEY STANDARDS	RELEVANT CHAPTERS	2011 TEXT	2000 TEXT
ILO Human Resources	V Employment and Industrial	\checkmark	X
Development Recommendation 195	Relations	•	
(2004)			
R198 Employment Relationship	V Employment and Industrial		X
Recommendation, 2006	Relations	•	
ILO Declaration on Social Justice for a Fair Globalization (2008)	IV Human Rights V Employment and Industrial Relations	X	X
ILO Labour Inspection Convention, 1947	V Employment and Industrial Relations	X	X
ILO Labour Inspection (Agriculture) Convention, 1969 (No. 129)	V Employment and Industrial Relations	X	X
Aarhus Convention on Access to information, Public Participation in Decision-making and Access to Justice in Environmental Matters	VI Environment	√	✓
Copenhagen Declaration for Social Development	Preface	X	√
The Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1999)	VII Bribery, Bribe Solicitation and Extortion	✓	✓
2009 Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions	VII Bribery, Bribe Solicitation and Extortion	✓	√ (2006)
(26 November 2009). 2006 OECD Council Recommendation on Bribery and Officially Supported Export Credits	VII Bribery, Bribe Solicitation and Extortion	✓	X
2009 Recommendation on Tax Measures for Further Combating Bribery of Foreign Officials in International Business Taxation Transactions	VII Bribery, Bribe Solicitation and Extortion XI. Taxation	✓	✓
Annex I: Good Practice Guidance on Implementing Specific Articles of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions	VII Bribery, Bribe Solicitation and Extortion	✓	X
United Nations Convention against Corruption (2003)	VII Bribery, Bribe Solicitation and Extortion	✓	X
OECD Council Recommendation on Consumer Dispute Resolution and Redress.	VIII Consumer Interests	√	X
1998 Recommendation of the OECD Council Concerning Effective Action Against Hard Core Cartels (C98)35/Final	X. Competition	✓	√

KEY STANDARDS	RELEVANT CHAPTERS	2011 TEXT	2000 TEXT
Recommendation of the Council	X. Competition	√	√
Concerning Cooperation between		V	V
Member Countries on Anti-			
competitive Practices Affecting			
International Trade, C(95)130/Final			
Recommendation of the Council on	X. Competition		X
Merger Review. C(2005)/34		•	
OECD Transfer Pricing Guidelines	XI. Taxation		\checkmark (ref to
for Multinational Enterprises and		· ·	ongoing
Tax Administrations (2009 edition)			work
OECD Recommendation on the	XI. Taxation	√	- /
Determination of Transfer Pricing		V	V
between Associated Enterprises			
International Organization for	II General Policies		
Standardization, ISO 26000 : 2010,			
Guidance on Social Responsibility			
Initiative on company payments to	III Disclosure		
governments of host countries:			
OECD Guidelines for Pension Fund	III Disclosure		
Governance (2009) on Core			
Principles of Occupational Pension			
Regulation and related OECD			
Recommendation [C(2009)57]			
Joint work of the OECD Committee	III Disclosure		
on Fiscal Affairs and Development			
Assistance Committee informed by			
the outputs from the Informal Task			
Force on Tax and Development; and			
Rio Declaration on Environment	VI Environment	\downarrow	
and Development and Agenda 21			
United Nations Framework	VI Environment		
Convention on Climate Change			
OECD Good Practice Guidance on	VII Bribery, Bribe		
Internal Controls, Ethics and	Solicitation and Extortion		
Compliance and related OECD			
Recommendation			
[C(2009)159/REV1/FINAL]	YWY G		
OECD Recommendation on	VIII Consumer Interests		
Principles and Good Practices for			
Financial Education and Awareness			
[C(2005)55/REV1]	WHI Common I in		
OECD Guidelines Governing the	VIII Consumer Interests	▼	
Protection of Privacy and Trans-			
border Flows of Personal Data			
(1980) and related OECD			
Recommendation OFCD Anti Spam Toolkit of	VIII Consumer Interests		
OECD Anti-Spam Toolkit of Recommended Policies and	viii Consumer interests		
Measures (2006)			
OECD Guidelines for Consumer	VIII Consumer Interests		/
Protection in the Context of	v III Consumer interests		V
Electronic Commerce (1999) and			
related OECD Recommendation			
Totaled OLOD Recommendation			1

KEY STANDARDS	RELEVANT CHAPTERS	2011 TEXT	2000 TEXT
United Nations Guidelines on	VIII Consumer Interests	√	
Consumer Policy (1999)		V	
OECD Model Tax Convention on	XI. Taxation	√	
Income and on Capital		V	
United Nations Model Double	XI. Taxation	√	
Taxation Convention between		V	
Developed and Developing			
Countries			

ANNEX 1: EXTRACTS FROM TUAC JUNE 2010 SUBMISSION

NEXT STEPS FOR THE INVESTMENT COMMTITEE AND OECD SECRETARIAT

STEPS	DESCRIPTION	REFERENCES
1. REINTRODUCE	The Commentaries in the public	The paragraphs of the
NUMBERING OF THE	version of the Updated Guidelines,	Commentaries of the <u>2000</u> version
PARAGRAPHS IN THE	do not include paragraph numbers.	of the Guidelines were numbered
COMMENTARIES	TUAC is already working with	as were the paragraphs in the
	trade union partners on the updated	document that was submitted for
	Guidelines and has found it	adoption to the Council in May
	extremely difficult to work with the	2011.
	Commentaries due to the lack of	
	numbering. The Commentaries to	
	the Procedural Guidance, which are	
	very long and contain the majority	
	of the improvements made under	
	the Update, are particularly	
	problematic. TUAC strongly	
	welcomes the new format such that	
	the Commentaries following their	
	respective Chapter, but considers it	
	Commentaries no longer have	
2 Province approximate	paragraph numbers.	D 1 10 11
2. PROVIDE ADEQUATE	The updated Guidelines	Procedural Guidance
RESOURCES TO THE	significantly strengthen the role of	II Investment Committee
OECD SECRETARIAT	the OECD Secretariat including:	"5 The Committee will be
	developing and maintaining a	assisted by the OECD secretariat
	database of cases, facilitating peer	b) make available relevant
	learning/peer reviews, capacity-	information on recent trends and
	building, training and promoting the	emerging practices maintenance
	Guidelines. The level of resources	of an up-to-date database on
	assigned to the OECD Secretariat	specific instances
	must be raised significantly – and	c) facilitate peer learning,
	quickly – if the secretariat is to have	including voluntary peer
	the capacity and the skills to	evaluations, as well as capacity-
	discharge these responsibilities	building".
	adequately.	
3. REVIEW THE	The updated Guidelines also	Council Decision
STRUCTURES OF THE	significantly strengthen the role of	I. National Contact Points
INVESTMENT	the Investment Committee. TUAC	
COMMITTEE	considers that the Investment	3. "The Council Decision now
	Committee should review its	states that National Contact Points
	structures in light of these new	shall meet regularly to share
	commitments and assess whether	experiences and report to the
	there is a need to establish an	Investment Committee"
	Investment Committee Working	
	Group that is dedicated to the	
	Guidelines.	
4. UPGRADE	Enhance consultation processes	
CONSULTATION	with TUAC, BIAC and OECD	
PROCESSES WITH BIAC,	Watch and specifically put in place	
TUAC AND OECD	structures to ensure their	
TOAC AND OECD	bilactares to ensure their	I

STEPS	DESCRIPTION	REFERENCES
WATCH	participation in peer learning, including peer reviews, and the proactive agenda. The participation of the stakeholders in the Advisory Group to the Chair for the Update has been hailed as a precedent and a success. TUAC urges the Investment Committee to build on this experience.	
5. ESTABLISH CONSULTATIVE STRUCTURES FOR COMPILING THE RESOURCE DOCUMENT	The Chair's Report on the Update of the <i>Guidelines</i> ⁶ identified the need for further work in a number of areas, including the development of a resource document that would compile all relevant 'references' (instruments) and initiatives. The Investment Committee should draw up a time-bound plan for completing this work during 2011-2012 that includes the <u>full</u> participation of TUAC, BIAC and <u>OECD Watch</u> and provides for meaningful public consultation.	Chair's Report: "as part of the follow-up on the updated Guidelines, a resource document be compiled bringing together descriptions and links to all these references and initiatives"
6. IDENTIFY ISSUES FOR PEER LEARNING	The Investment Committee should identify issues for peer learning to be addressed over 2011-2012. TUAC suggests the following: - Specific instances: the Investment Committee should follow the practice of the OECD Anti-bribery Working Group and carry out a tour de table of cases with a view to sharing experience of handling specific instances; Refusal to participate in the NCP process: TUAC is concerned about recent cases of companies refusing to participate in the NCP process. This is a serious problem, especially in view of the priority given to mediation in the updated Guidelines. NCPs should share their experiences on such cases with a view to identifying strategies for strengthening the authority of the NCP.	Procedural Guidance II Investment Committee "5 The Committee will be assisted by the OECD secretariat c) facilitate peer learning",
7. DRAW UP A PROGRAMME OF PEER	Draw up a programme of peer review starting with 3 countries per	

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 $^{^6}$ Report of the Chair of the Working Party of the Investment Committee on the Update of the Guidelines for Multinational Enterprises.

STEPS	DESCRIPTION	REFERENCES
REVIEW	year, rising in the medium term to 5 per year. Ensure that the approach, drawing on OECD best practice, is transparent and participatory, concludes with the publication of country reports and provides for follow-up. Also identify thematic issues for horizontal reviews. The updated Guidelines	Proceedings! Cuidence
8. IDENTIFY PRIORITIES FOR THE OECD SECRETARAT	significantly strengthen the role of the OECD Secretariat with regard to outreach, information collation and analysis information, peer learning, capacity-building, peer review and promotion. The Investment Committee should draw up a time-bound plan setting out priorities that includes the contributions of the stakeholders TUAC, BIAC and OECD Watch.	Procedural Guidance II Investment Committee "5 The Committee will be assisted by the OECD secretariat b) make available relevant information on recent trends and emerging practices maintenance of an up-to-date database on specific instances c) facilitate peer learning, including voluntary peer evaluations, as well as capacity-building"
9. STRENGTHEN POLICY COHERENCE AT THE OECD	TUAC considers that there has been insufficient promotion of the <i>Guidelines</i> either within or by other relevant OECD departments over the past decade. It calls on the OECD to provide for internal policy coherence and ensure that other policies and programmes related to the issues covered by the <i>Guidelines</i> , trade, investment or development promote the <i>Guidelines</i> .	In line with OECD and G20 policy commitments on responsible investment.
10 IMPLEMENT THE PROACTIVE AGENDA	The Chair's Report for the Update identifies a number of issues for follow-up that TUAC considers should be treated as priorities for the proactive agenda: - Decent wages: work should be carried out by the OECD and the ILO involving TUAC, BIAC and OECD Watch to give guidance on the meaning of the new provision 4b) of the Chapter on Employment and Industrial Relations, so as to give guidance to companies and NCPs. - Supply chains and due diligence: developing better understanding of human rights and other due diligence as it applies now and its	The Council Decision of the Council provides that "the Committee shall, in co-operation with National Contact Points pursue a proactive agenda that promotes the effective observance by enterprises of the principles and standards contained in the Guidelines" and that it should collaborate inter alia with TUAC, BIAC and OECD Watch "in order to encourage the positive contributions that multinational enterprises can make in the context of the Guidelines to economic, environmental and social progress with a view to achieving sustainable development". Employment and Industrial

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DESCRIPTION	REFERENCES
relevance and application to the	Relations
'carved out' chapters of tax,	
competition and science and	Paragraph 4b
technology.	
	"provide the best possible wages,
	benefits and conditions of work
~ ~	at least adequate to satisfy the
the financial sector	basic needs of the workers and their families."
	Chair's Report on the Update
	Decent wages: "in interpreting this recommendation, the ILO context and developed practices regarding this provision should be taken into
	'carved out' chapters of tax, competition and science and

			7
NEXT STEPS	FOR	ADHERING	GOVERNMENTS'

NEXI SIEPS FOR ADH	NEXT STEPS FOR ADHERING GOVERNMENTS		
STEPS	DESCRIPTION		
1. Provide adequate	Adhering governments must ensure that the resources of the NCP are		
RESOURCES	adequate for undertaking the enhanced functions under the updated		
	Guidelines, including mediation, capacity-building and participating in		
	peer learning.		
-			
2. TRANSLATE THE	NCPs should translate the updated <i>Guidelines</i> and their Commentaries		
UPDATED GUIDELINES	into all national and, as appropriate, local languages in the coming weeks,		
	in line with the Procedural Guidance and the core criteria of accessibility.		
3. SET UP AN ADVISORY,	NCPs should establish an advisory, oversight or review body in line with		
OVERSIGHT OR REVIEW	the recommendation made in the Commentary to the Procedural		
BODY	Guidance and in accordance with NCP best practice, thereby helping to		
	ensure impartiality, predictability and equitability in the handling of		
	specific instances.		
4. CONDUCT A REVIEW	In addition to creating an advisory or oversight body, NCPs should		
OF NCP STRUCTURES	review and revise their structure so as to provide an effective basis for		
	implementing the Guidelines, assure impartiality and to be consistent		
	with the other core criteria and the guiding principles for the handling of		
	specific instances. They should pay particular attention to identifying,		
	disclosing and removing conflicts of interest in line with the requirement		
	to be impartial.		
	This review of NCP structure should be undertaken collaboratively with		
	the social partners and other non-governmental organisations.		
5. CONDUCT A REVIEW	NCPS should conduct a review to ensure that their procedures are, at a		
OF NCP PROCEDURES	minimum, consistent with the standards set in the updated Guidelines,		
	including the following: introduce indicative timeframes; strengthen		
	<u>cooperation</u> between home and host country NCPs; develop best practice		
	guidance on <u>parallel proceedings</u> in line with the updated text, using the		

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⁷ *TABLES 1 and 2* use the paragraph numbering for the Commentaries given in the version of the Commentaries that was submitted for approval to the Council in May 2011. The Commentaries of the public version of the updated Guidelines, whilst usefully following the relevant Chapter, do not contain paragraph numbers. TUAC has started working with the new text and find this highly problematic.

PROCEDURES	UK procedures as a model; protect the identity of the complainant. This review of NCP procedures should be undertaken collaboratively with the social partners and other non-governmental organisations. Publish procedures on the NCP web site in local, national and international languages in line with the core criteria of accessibility. It is not sufficient to publish procedures in national languages, as this would limit the accessibility of the NCP to those able to work in national
PROCEDURES	Publish procedures on the NCP web site in local, <u>national and international languages</u> in line with the core criteria of <u>accessibility</u> . It is not sufficient to publish procedures in national languages, as this would limit the <u>accessibility</u> of the NCP to those able to work in national
PROCEDURES	Publish procedures on the NCP web site in local, <u>national and international languages</u> in line with the core criteria of <u>accessibility</u> . It is not sufficient to publish procedures in national languages, as this would limit the <u>accessibility</u> of the NCP to those able to work in national
PROCEDURES	Publish procedures on the NCP web site in local, <u>national and international languages</u> in line with the core criteria of <u>accessibility</u> . It is not sufficient to publish procedures in national languages, as this would limit the <u>accessibility</u> of the NCP to those able to work in national
PROCEDURES	international languages in line with the core criteria of accessibility. It is not sufficient to publish procedures in national languages, as this would limit the accessibility of the NCP to those able to work in national
PROCEDURES	international languages in line with the core criteria of accessibility. It is not sufficient to publish procedures in national languages, as this would limit the accessibility of the NCP to those able to work in national
PROCEDURES	international languages in line with the core criteria of accessibility. It is not sufficient to publish procedures in national languages, as this would limit the accessibility of the NCP to those able to work in national
	languages.
POLICY COHERENCE	Identify and meet with relevant government departments, including export credit agencies, public procurement departments and pension funds, in order to identify procedures for strengthening policy coherence. NCPs should focus in particular on the steps to be taken where an NCP issues a statement in the event of: i) no agreement being reached; ii) a party refusing to come to the table; iii) providing recommendations on the future implementation of the <i>Guidelines</i> ; iv) a finding that a company has breached the <i>Guidelines</i> .
	The Export Credit Group (ECG) at the OECD is currently undertaking a revision of its Recommendation on 'Common Approaches' that aims to improve the environmental, social and governance standards of export credit agencies (ECAs). This revision is due to be completed in November 2011. It would therefore be timely if NCPs could meet with their respective ECAs to discuss how procedural and substantive elements of the updated <i>Guidelines</i> text should be reflected in the national procedures of ECAs, as well as the revised 'Common Approaches'.
8. ESTABLISH	The 2000 version of the Guidelines already required NCPs to put in place
	mechanisms for consultation and reporting at national level, including
CONSULTATION AND REPORTING MECHANISMS	reporting to national parliaments. The updated Guidelines further strengthen the requirement for the NCP to be accountable.
	NCPs should conduct regular consultations with external stakeholders and establish mechanisms for national reporting, including to Parliament, and publish all reports, including the report to the OECD on the NCP web site in national languages, as well as international language.
	Identify issues for peer learning and thematic peer review through
PEER LEARNING AND SIGN UP FOR	consultations at national level with external stakeholders and <u>sign up for</u> peer review.
VOLUNTARY PEER	peer review.
REVIEW	
	Draw up a plan for promoting the Guidelines and implementing the
PROMOTIONAL PLAN	proactive agenda in collaboration with the social partners and other non-
TO SUPPORT THE PRO- ACTIVE AGENDA	governmental organisations. The public profile of the OECD <i>Guidelines</i> is low. There is an urgent need to increase significantly the level and
	effectiveness of promotional activity. One means of doing so it to work collaboratively with the social partners and other non-governmental organisations, so as to harness their global networks for the purposes of promoting and implementing the <i>Guidelines</i> .